

Patient-Centered Medical Homes

SB 84 • Section-by-Section Summary

Section 1 Legislative findings. This section describes the benefits of the patient-centered medical home (PCMH) program to the citizens of Montana. The benefits include but are not limited to health care cost reductions achieved through the promotion of preventative and primary health care. Also, additional care coordination eliminates duplicative health care costs and ensures the delivery of preventive care before complications can occur. Coordinated primary and preventive care reduces hospital admissions for chronic conditions like diabetes and hypertension. Hospital admissions are the primary driver of healthcare costs. The uniform standards and payment practices achieved by a patient-centered medical home program promote quality and effectiveness and allow payers and providers to share the cost of transforming the healthcare delivery system in a way that has been proven to reduce health care costs.

Section 2 Establishing the state action immunity doctrine. This section affirms the legislature's intention to protect payers and providers who participate in the PCMH program from state and federal anti-trust litigation. In order to achieve federal anti-trust protection under the "state action immunity doctrine" recognized by federal courts, there must be a determination by the state that this activity is in the public interest and there is ongoing government oversight of that activity.

Section 3 Definitions. This section provides necessary definitions for the PCMH program, including which payers are included under the term "health plan" and a critical definition for "patient-centered medical home" in [section 3 (4)].

Section 4 Powers and duties of the insurance commissioner – rule making. This section assigns duties to the insurance commissioner to consult with interested parties, set standards for PCMH program participants, and qualify patient-centered medical homes. This section provides the "oversight" required to invoke the protection of the anti-trust "state action immunity doctrine." Participation in the patient-centered medical home program is completely voluntary. However, payers and providers that wish to use the PCMH designation must be qualified by the commissioner.

Section 5 Standards for patient-centered medical homes. This section describes the types of standards that are required for the patient-centered medical home program in Montana, including payment methods used by health plans, the types of fees that may be included and health care quality and performance measures. These standards may be met by showing proof of an accreditation from a nationally recognized accrediting organization approved by the commissioner. Additional Montana-specific standards may be adopted. This section also requires payers and providers to report to each other concerning their compliance with these standards. Subsection (8) was added, requiring an independent study on savings generated by the PCMH program. The study must be presented to the legislative interim committee on children, families, health and human services by September 2016.

Section 6 Participation in patient-centered medical home optional. This section is codified in Title 2 and clarifies that state and local government plans may participate in the PCMH program, but they are not required to participate. If one of these plans chooses to participate, it must comply with [sections 1 through 5] of this bill.

Section 7 Amending 20-25-1403 – Self-funded student health plans. This section clarifies that the PCMH requirements in this bill will apply to a self-funded student health plan, if the plan chooses to participate in the program.

Section 8 Amending 33-1-102 – Exceptions to compliance with the insurance code This section clarifies that the PCMH requirements in this bill will apply to an HMO (health maintenance organization) and a self-funded student health plan, if the plan chooses to participate in the program.

Section 9 Amending section 33-31-111 – Applicability section for health maintenance organizations (HMO) This section clarifies that the PCMH requirements in this bill will apply to an HMO (health maintenance organization), if the plan chooses to participate in the program.

Section 10 Amending section 33-35-306 – Applicability section for multiple employer welfare arrangements (MEWAs) This section clarifies that the PCMH requirements in this bill will apply to a MEWA, if the plan chooses to participate in the program.

Section 11 Amending section 53-6-113 Department of health and human services to adopt rules This section amends the rulemaking authority for the department of health and human services, allowing the department's Medicaid program to participate in the patient-centered medical home program and allowing the department to make rules setting standards for provider qualifications and payment methods. The amendment specifies that the department can set different payment standards, but that it must use PCMH providers that have been qualified by the commissioner. The department must use the standards adopted by the commissioner, except for those relating to payment methods, unless any of those standards conflict with federal Medicaid standards.

Section 14. Termination. This act terminates on December 31, 2017.

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